



IFRS 16 Leases- Classification



GAP
Learning

A contract
contains a
lease

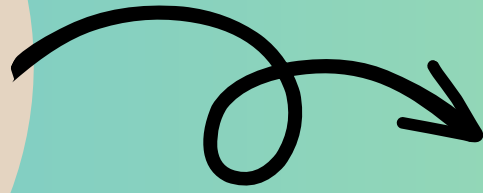
Operating
lease?

OR

Finance
lease?



Finance
lease?



Some common indicators:

- Lease term is longer than 12 months
- Ownership of the leased asset passes to the lessee(person leasing the asset) at the end of the lease term
- The lease term is for majority of the asset's useful life



Operating
lease



Some common indicators:

- Lease term is SHORTER than 12 months
- Leased asset is a low-value asset (Less than R7000)





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Learning

IFRS 16 Leases- Measurement

Lessee

